

UNITED STATES DISTRICT COURT  
DISTRICT OF COLUMBIA

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SECURITIES AND EXCHANGE COMMISSION :  
450 Fifth Street, N.W. :  
Washington, D.C. 20549, :

Plaintiff,

v.

RAYMOND F. SIMMONS, aka DAVID SIMMONS :

Defendant. :

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CASE NUMBER 1:98CV00689

JUDGE: Gladys Kessler

DECK TYPE: Civil General

DATE STAMP: 03/19/98

COMPLAINT

Plaintiff Securities and Exchange Commission ("SEC" or "Commission") alleges:

SUMMARY

1. This case arises from defendant Raymond F. Simmons' ("Simmons") participation in a fraudulent scheme to falsify the financial statements of Combined Companies International Corp. ("CCIC"), a publicly traded microcap issuer. At the behest of Barclay Davis, who controlled CCIC, Simmons prepared a series of false documents claiming that he was an agent of an offshore financial institution, which maintained custody of millions of dollars of cash for CCIC. Simmons furnished those false documents to CCIC and that fictitious cash asset was included in the company's financial statements. Simmons then confirmed the existence of the fictitious asset by posing as an offshore banker in conversations with CCIC's accountant. Simmons received cash and CCIC securities as compensation for his role in the scheme.

2. By knowingly engaging in this conduct, Simmons directly or indirectly violated, is violating, and unless restrained will violate the antifraud and reporting and record keeping provisions of the federal securities laws, specifically, Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77q(a)], Section 10(b) and 13(b)(5) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§ 78j(b) and 78m(b)(5)], and Rules 10b-5 and 13b2-1, thereunder [17 C.F.R. §§ 240.10b-5 and 240.13b2-1].

### JURISDICTION

3. This Court has jurisdiction of this action pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)], and Section 27 of the Exchange Act [15 U.S.C. § 78aa], and 28 U.S.C. § 1331.

4. The Commission brings this action pursuant to authority conferred upon it by Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)], and Section 21(d)(1) of the Exchange Act [15 U.S.C. § 78u(d)(1)].

5. Defendant, directly or indirectly, has made use of the means and instrumentalities of interstate commerce, or of the mails, or of the facilities of a national securities exchange in connection with the acts, practices, and courses of business alleged herein.

### DEFENDANT

6. **Raymond F. Simmons** ("Simmons"), also known as David Simmons, approximately age 40, resides in Los Angeles, California, at various times held himself out as a "correspondent" to a Bahamian bank and a Swiss bank.

### OTHER INDIVIDUALS AND ENTITIES

7. **Combined Companies International Corp.** ("CCIC"), is located in Las Vegas,

Nevada, and through its predecessor was incorporated in Nevada in 1971. CCIC has at various times described itself as engaged in manufacturing and distributing medical and infection control products, recycling tires, and manufacturing and distributing video games. On August 13, 1997, the Commission revoked the registration of CCIC.

8. **Barclay Davis** ("Davis"), a penny stock promoter based in Las Vegas, Nevada, owned, with his wife, over 16% of CCIC. On December 22, 1997, the Commission filed a securities fraud action styled SEC v. Barclay Davis and World Syndicators, Inc., Civ. Act. No. 97-03056, which is still pending. Also on December 22, 1997, Davis pleaded guilty to one count of conspiracy to commit securities fraud and bank fraud, and one count of money laundering.

#### **THE FRAUDULENT SCHEME**

9. Davis obtained control of CCIC by at least 1993. In or around 1993, as part of a fraudulent scheme to manipulate the market for CCIC securities, Davis directed that a nonexistent asset be recorded on CCIC's balance sheet. That asset, valued at about \$2 million and variously characterized as "cash," a "note receivable," and a "certificate of deposit," was the largest asset on each balance sheet created for CCIC from 1993 through mid-1996. It resulted in CCIC's total assets being overstated by 615% as of December 31, 1995, and 430% as of June 30, 1996.

10. During that period, Simmons provided Davis a fraudulent "asset enhancement" service to further the illusion that those bogus assets were genuine. He did so by creating false documents that purported to emanate from various third parties, and that purported to evidence that these bogus assets on CCIC's balance sheet existed and were accurately valued.

11. In or around June 1995, Davis hired an accountant to perform bookkeeping and other accounting services at CCIC. Soon thereafter, and continuing through 1996, Davis provided the

accountant with false explanations concerning the origin and status of the \$2 million asset. When the accountant requested documentation to support these explanations, Simmons fabricated the necessary documents and gave them to the accountant. Those false documents included a false bank statement and other fraudulent documents demonstrating that the \$2 million was held on deposit in a Bahamian bank.

12. To further this scheme, Simmons spoke by telephone with CCIC's accountant, and falsely represented himself to be a "correspondent" for the Bahamian bank. In those conversations, Simmons falsely confirmed that the bank held the \$2 million in a money market account for CCIC's benefit. Simmons was paid cash and received CCIC securities for these illegal services.

13. Between March 21, 1994 and August 16, 1996, CCIC's materially false financial statements, including the fictitious \$2 million asset in its sundry forms, were filed with the SEC as part of a Form 10A registration, three annual reports on Form 10-K, and seven quarterly reports on Form 10-Q.

**CLAIM ONE**  
**(FRAUDULENT OFFER, PURCHASE AND SALE)**

**Violations of Section 17(a) of the  
Securities Act [15 U.S.C. § 77q(a)], Section 10(b) of  
the Exchange Act [15 U.S.C. § 78j(b), and Rule  
10b-5 thereunder [17 C.F.R. § 240.10b-5]**

14. Paragraphs 1 through 13 are hereby realleged and incorporated by reference.

15. By reason of the foregoing, defendant Simmons, directly or indirectly, has violated, is violating, and unless restrained will violate Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], and defendant Simmons directly or indirectly, has violated, is violating, and unless restrained will violate Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)], and Rule 10b-5

thereunder [17 C.F.R. § 240.10b-5].

**CLAIM TWO**  
**(REPORTING AND RECORD KEEPING VIOLATIONS)**

**Violations of Section 13(b)(5) of the  
Exchange Act [15 U.S.C. §§ 78m(b)(5)], and Rule 13b2-1  
thereunder [17 C.F.R. § 240.13b2-1]**

16. Paragraphs 1 through 13 are hereby realleged and incorporated by reference.
17. By reason of the foregoing, defendant Simmons also has violated, is violating, and unless restrained will violate Section 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(5)], and Rule 13b2-1 thereunder [17 C.F.R. § 240.13b2-1].

**PRAYER FOR RELIEF**

WHEREFORE, the Commission respectfully requests that this Court issue Orders:

**I.**

Permanently enjoining defendant Simmons, and his officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice by personal service or otherwise, from violating, directly or indirectly, Section 17(a) of the Securities Act of 1933 [15 U.S.C. § 77q(a)], Sections 10(b) and 13(b)(5) of the Exchange Act [15 U.S.C. §§ 78j(b) and 78m(b)(5)], and Exchange Act Rules 10b-5 and 13b2-1 [17 C.F.R. §§ 240.10b-5 and 240.13b2-1].

**II.**

Ordering Simmons to file a sworn accounting of all monies, securities, and other things of value received by him from Davis, CCIC or others in connection with the activities described herein.

III.

Ordering Simmons to disgorge all illegal gains, together with prejudgment interest.

IV.

Ordering Simmons to pay a civil penalty pursuant to Section 21(d)(3) of the Exchange Act  
[15 U.S.C. § 78u(d)(3)(a)].

V.

Granting such other relief as this Court may deem just and proper.

Respectfully submitted,



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Dated: March 19, 1998  
Washington, D.C.